

Performance Summary

The performance of **Global Masters Fund Limited** (ASX: GFL) was positive this quarter with a Net Asset Value (NAV) reported at 106.75 cents per share at 31 March 2013, a 10.53% improvement on the previous quarter's NAV. It seems that this quarter investors have had a growing interest in GFL which can be seen through its share price gain of 20.29%. This was significantly higher than the ASX All Ords increase of 6.76%. The slight strengthening, 0.22%, of the Australian dollar against the United States dollar provided relatively little affect on Global Master's performance this period. The share price of Berkshire Hathaway (BRK-A), the fund's largest asset, increased by 16.57% during the quarter and was one of the fund's best performing assets which largely contributed to GFL's performance. This increase exceeded that of Standard & Poor's 500 Index during the quarter which gained 10.03%.

Investment & General Economic Activity

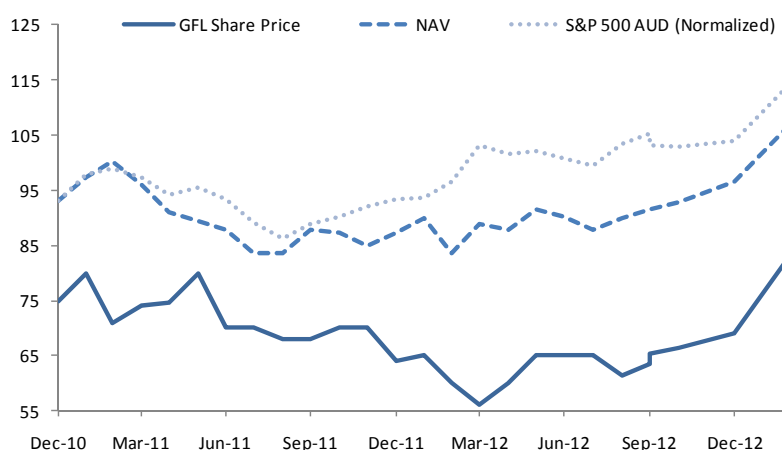
The Berkshire Hathaway annual financial statements are now available on their website.

During the quarter, Berkshire Hathaway reported in a news release that they had entered into a definitive merger agreement to acquire HJ Heinz Company in an investment consortium comprised of Berkshire Hathaway and 3G Capital. The transaction is valued at \$28 billion, the largest ever in the food industry. Following the transaction, Heinz will remain headquartered in Pittsburgh as a private company.

On the international scene, performances have been a Tale of Two Worlds: the Developed World performing well, the Developing World performing poorly. The disparity in performance may be attributed to the differing monetary policies being adopted in the two economic spheres, stimulus in the Developed World and anti-inflationary measures in the Developing World.

In the previous quarter the market was affected by the US fiscal cliff, while this quarter we have felt some effects from Europe where another nation state, Cyprus, fell victim to their growing debt. The international risks to the Australian economy that have stemmed from the US, Europe and China have seemed, however, to be less significant this quarter.

GFL Relative Performance History



The Australian market, as measured by the S&P/ASX 300 Index, gained 6.74% over the last quarter. This performance was not quite as favourable as the 7.17% gain of the MSCI Index (USD) for the same period. Following the positive performance of the previous quarter, the Australian dollar again strengthened, improving against the US dollar by 0.22%. The Reserve Bank has opted not to further cut interest rates during this period, pointing to the significant monetary stimulus that is underway. However, further rate cuts should not be ruled out as inflation has been low and in the event domestic demand weakens, further cuts may eventuate. The Australian small capitalisation sector, as measured by the S&P/ASX Small Ordinaries Index, gained a mere 0.63% during the quarter, while the large capitalisation sector, as measured by the S&P/ASX 100 index, increased by 7.26%.

Investment Performance

Quarterly Return (USD)		Total Net Market Value of GFL Assets \$ 9,157,651 or 106.75 cents per share <i>As of 31 December 2012</i>	Quarterly Return (AUD)	
Berkshire Hathaway A	16.57%		Flagship Investments	2.4%
S&P 500	10.03%		S&P/ASX 300	6.74%



QUARTERLY REPORT

March 2013



GLOBAL MASTERS FUND LIMITED

